PCE

PREVENTION, COMPLIANCE AND ENFORCEMENT BRANCH

"QUALITY SERVICE WITH INTEGRITY"

1999/2000 Fiscal Year Report

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MINISTRY OF SOCIAL DEVELOPMENT AND ECONOMIC SECURITY

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PREVENTION, COMPLIANCE AND ENFORCEMENT BRANCH

MISSION

"QUALITY SERVICE WITH INTEGRITY"

The Prevention, Compliance and Enforcement Branch is dedicated to:

- *preserving the integrity of the BC Benefits Programs;*
- *working in **partnership** with other income support staff to ensure the highest level of compliance with the BC Benefits Acts, the Disability Benefits Program Act, and Regulations; and*
- *the prevention, detection and prosecution of fraud.*

VISION

*We will maintain **PUBLIC CONFIDENCE** in the BC Benefits Programs by **reducing fraud and abuse** by means of comprehensive prevention initiatives, balanced by a strong enforcement program.*

PRINCIPLES

- *To promote an understanding that the true measure of effectiveness is the absence of fraud, not the visible evidence of after-the-fact enforcement actions.*

- *To secure the co-operation and support of other ministry staff by the development of a **joint partnership** commitment to prevention, detection and prosecution of fraud.*

- *To maintain public confidence in the BC Benefits Programs by demonstrating a high quality of professional service and respecting the rights and freedoms of each individual.*

- *To provide legitimacy to those recipients truly in need of assistance.*

- *To maximize individual and collective skills within the Prevention, Compliance and Enforcement Branch by promoting a sense of individual worth and a positive work environment.*

- *To maximize the potential of all human resources within the branch by establishing ongoing training and educational programs.*

- *To achieve all of the above in a cost-effective manner.*

INTRODUCTION

The Prevention, Compliance and Enforcement (PCE) Branch was established in 1994 in order to combat fraud and abuse, and to increase ***PUBLIC CONFIDENCE*** *in the BC Benefits Programs.*

The PCE Branch consists of three distinct components:

Prevention Program

Compliance Program

Enforcement Program

The branch is dedicated to working in ***PARTNERSHIP*** *with other ministry staff in pursuing a* ***BALANCE*** *between* ***PREVENTION*** *and* ***ENFORCEMENT*** *to ensure a high level of* ***COMPLIANCE*** *with the BC Benefits Acts, the Disability Benefits Program Act, and Regulations.*

PCE BRANCH FISCAL PERFORMANCE SUMMARY

PREVENTION

EDP Program	*$ 24,133,793*
Data Matching (Cost Avoidance)	*$ 245,000*
Warrant Disentitlement	*$ 1,467,000*
Fraud Disqualification	*$ 1,152,000*
Total Prevention Savings	***$ 26,997,793***

COMPLIANCE

Sponsorship Default Recovery Project	*$ 5,100,000*
Compliance Initiatives	*$ 14,460,886*
Special Compliance Program	*$ 2,926,135*
Total Compliance Savings	***$ 22,487,021***

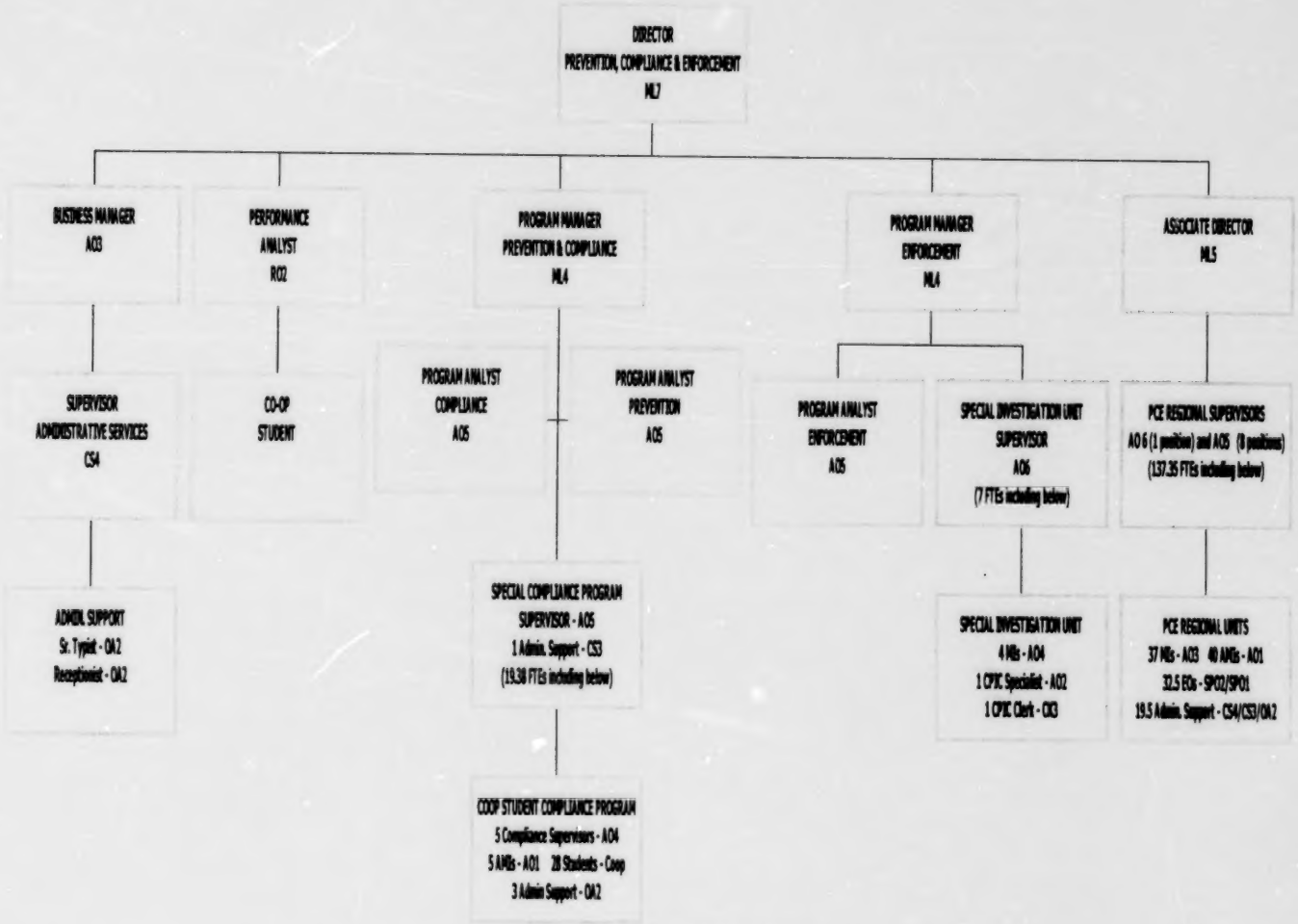
ENFORCEMENT

Repayments Taken	*$ 17,814,082*
Compensation Orders	*$ 2,407,431*
Civil Court Orders	*$ 478,676*
Total Enforcement Savings	***$ 20,700,189***

TOTAL PCE FISCAL SAVINGS	***$ 70,185,003***

PREVENTION, COMPLIANCE AND ENFORCEMENT BRANCH ORGANIZATION

TOTAL FTEs = 179.06



MI = Ministry Investigator
AMI = Assistant Ministry Investigator
EO = Eligibility Officer

(PCEORG SEPT 1999)

TOTAL PCE STAFF COMPLEMENT

TOTAL PCE BRANCH HQ & SIU	*22.33*
SPECIAL COMPLIANCE PROGRAM	*19.38*
TOTAL PCE UNITS	*137.35*
TOTAL PCE ALLOCATION	***179.06***

PCE BRANCH HEADQUARTERS

Director	*1*	*ML7*
Associate Director	*1*	*ML5*
Program Manager, Enforcement	*1*	*ML4*
Program Manager, Prevention/Compliance	*1*	*ML4*
Program Analyst, Enforcement	*1*	*AO5*
Program Analyst, Prevention	*1*	*AO5*
Program Analyst, Compliance	*1*	*AO5*
Performance Analyst	*1*	*RO2*
BC Benefits/Restraint Position	*1*	*AO4*
Child Care	*2*	*AO4*
Business Manager (under review)	*1*	*AO3*
Secretary to Director/SAS	*1*	*CS4*
Admin. Support	*2*	*OA2*
Coop Student	*.33*	
TOTAL	***15.33***	

SPECIAL INVESTIGATION UNIT

Supervisor	*1*	*AO6*
Ministry Investigators	*4*	*AO4*
CPIC/Warrant Sr. Specialist	*1*	*AO2*
CPIC/Warrant Clerk	*1*	*CK3*
TOTAL	*7.0*	

Program Supervisor	*1*	*AO5*
Compliance Supervisors 5 @ .75	*4.5*	*AO4*
Assistant Ministry Investigators 5 @ .5	*2.5*	*AO1*
Coop Students 28 @ .33	*9.24*	*Coop*
Admin Support 3 @ .75 + 1	*3.25*	*CS3/OA2*
TOTAL FTEs	*20.49*	
HQ FTE underburn used	*-1.11*	
TOTAL FTE ALLOCATION	***19.38***	

PCE REGIONAL UNITS

	SUP	*MI*	*AMI*	*EO*	*ADMIN*	***TOTAL***
Region 0E1	*1*	*6*	*6 (2@.5)*	*5*	*3*	***21.0***
Region 0E2	*1*	*3*	*4*	*4 (2@.5)*	*2*	***14.0***
Region 0E3	*1*	*4*	*5*	*3.5*	*2 (two .5)*	***15.5***
Region 0E4	*1*	*4*	*5*	*4.5 (3@.5)*	*2*	***16.5***
Region 0E5	*1*	*4*	*3*	*3*	*2.59*	***13.59***
Region 0E6	*1*	*4*	*3*	*3*	*2.59*	***13.59***
Region 0E7	*1*	*5*	*4*	*3*	*2.34*	***15.34***
Region 0E8	*1*	*4*	*5*	*3*	*3*	***16.0***
Region 0E9	*1*	*3*	*5*	*3.5*	*2*	***14.5***
TOTAL STAFF	***9***	***37***	***40***	***32.5***	***19.5***	***132.5***
MGMT. REDUCT 1997 & 1998 fy						*- .65*
TOTAL FTE ALLOCATION						***137.35***

SUP = REGIONAL SUPERVISOR
MI = MINISTRY INVESTIGATOR
AMI = ASSISTANT MINISTRY INVESTIGATOR
EO = ELIGIBILITY OFFICER
ADMIN = ADMINISTRATIVE SUPPORT

PREVENTION

The Prevention Program consists of the following elements:

- ***The Early Detection and Prevention (EDP) Program;***
- ***Information Sharing (Data Matching);***
- ***Prevention of Unwarranted Expenditures Related to Federal Programs;***
- ***The Identification Guide;***
- ***Disentitlement for Outstanding Warrants; and***
- ***Administrative Disqualification for Convicted or Admitted Fraud.***

*The **objective** of the Prevention Program is twofold:*

1. *to prevent and deter fraud and abuse, in a proactive manner, by introducing activities and controls designed to ensure that an individual or group is **unable** to follow through on any intention to commit **fraud** because of the **checks** and **balances** built into the eligibility determination process; and*

2. *to develop recommendations that allow the ministry to adopt procedures and make systems changes that will prevent the overpayment of scarce ministry resources to persons who are not eligible or who have not accessed all other sources of income.*

Definitions:

- *PREVENTION - Preventive activities and controls are designed to ensure that an individual is **unable** to follow through on any intention to commit fraud because of the **checks** and **balances** built into the eligibility process.*

- *DETERRENCE - Deterrent activities and controls are designed so that participants **choose** not to commit fraud. Data matching deters attempts to claim duplicate benefits, as there is an **expectation** that they will be discovered.*

THE EARLY DETECTION AND PREVENTION (EDP) PROGRAM

*The **objective** of the EDP Program is to detect and prevent fraud, by selecting categories of high-risk participants during the application/intake process, so that assistance is only issued to eligible applicants.*

The EDP Program commenced operations in 1995, with the PCE Branch being responsible for research, development, supervision and testing of the program in the initial stages. Six pilot sites were established across the province and were fully operational from January until June 1996. Later in 1996, the program was expanded to include 40 EDP district office sites, and the number of Verification Officers (VOs) was increased from 27 to 61. In April of 1998, Treasury Board approved an additional 18 VO positions and another six positions (rewarding excellence) were approved and effective in October 1998 for a total of 85 Verification Officer positions in the province.

The EDP Program is now based within Employment and Benefits Centres under the direction of nine Regional Executive Officers. The Verification Officers (VOs) report to their respective District Supervisors. Each region has an EDP Co-ordinator who specializes in EDP techniques, attends scheduled provincial EDP Co-ordinators' meetings, monitors statistical reports, and organizes regular meetings with the VOs.

The Prevention, Compliance and Enforcement Branch continues to play a role in the EDP Program. The branch has responsibility for the development of the EDP policy, program monitoring and being available as a resource of information and policy clarification.

EDP Statistical Summary:

*For each file that the VO reviews, an electronic **eligibility review** is completed. The review is sent to the intake or caseload worker for implementation of the recommendation. While the primary focus is on pre-eligibility investigations, some cases that have been previously assessed as eligible may be referred to the VO for an in-depth assessment. All file reviews are monitored and analyzed to determine the effectiveness of the program.*

In the 1999/00 fiscal year, ***$24.1M in savings*** *was recorded, exceeding the established goal of* ***$21M.*** *These savings were achieved through the efforts of both Financial Assistance Workers (FAWs) and Verification Officers (VOs) as well as other contributing staff members.*

*Pre-Eligibility Reviews**

Reviews Completed	*28,620*	*Total Savings*	*$18,694,015*
Reviews per VO/mo	*28*	*Savings per VO/mo*	*$ 18,328*
Home Visits	*6,589*	*Home Visits per VO/mo*	*7*
Impact Rate	*52%*		

** Initiative 9501 reviews are completed prior to any assistance being granted to a participant.*

*Existing File Reviews**

Reviews Completed	*7,722*	*Total Savings*	*$ 5,439,777*
Reviews per VO/mo	*8*	*Savings per VO/mo*	*$ 5,333*
Home Visits	*3,500*	*Home Visits per VO/mo*	*3*
Impact Rate	*49%*		

** Initiative 9610 reviews are completed on BC Benefits files where assistance is currently in pay.*

*Combined Total**

Reviews Completed	*36,342*	*Total Savings*	*$24,133,792*
Reviews per VO/mo	*36*	*Savings per VO/mo*	*$ 23,661*
Home Visits	*10,089*	*Home Visits per VO/mo*	*10*
Impact Rate	*51%*		

** Initiatives 9501 and 9610 combined.*

INFORMATION SHARING (DATA MATCHING)

*Data matching is the process of **comparing** the names of participants receiving ministry assistance against names held by federal or provincial governments, ministries or agencies. The match may be completed by electronic data processing procedures or by manually comparing common claimants.*

*The process of data matching was introduced in 1994 and is an **effective** and **cost-efficient** means of detecting and deterring fraud and identifying participants who:*

- *are claiming duplicate benefits for which they are not entitled;*
- *are not declaring other sources of income; or*
- *are eligible for benefits from other federal or provincial benefit programs.*

*A comparison with other provincial social welfare programs identifies those participants who are claiming benefits from both programs at the same time. The first information sharing (data matching) identified all long-term dual claimants, while subsequent monthly matches identify only short-term dual claimants. The cost savings achieved by continuing the matching process includes any initial savings generated by the match as a cost avoidance factor. The **cost avoidance factor** has been assessed at **$245,000 annually** for the existing monthly data matches.*

Continued matches have both a deterrent and preventive effect. Persons who are considering an attempt to commit fraud are deterred by the expectation they will be discovered, and regular matches prevent any long-term losses.

Participants are always advised in advance when new matches are developed.

Continuing Data Matches:

Regular monthly data matches are conducted with Alberta, Saskatchewan and Manitoba Social Services Agencies. Starting in fiscal year 1999/00, regular data matches are also conducted with HRDC Canada Pension Plan and the BC Student Financial Assistance Program.

Student Loans:

An agreement to exchange information between the Ministry of Advanced Education, Training and Technology (MAETT) and the Ministry of Human Resources (now the Ministry of Social Development and Economic Security) was signed on September 20, 1996.

On the first match completed in February 1999, subsequent matches conducted in October 1999 and January 2000 demonstrated a significant reduction in the number of participants in receipt of student loans while in receipt of BC Benefits.

	# of Common Claimants	***% Decrease from previous match***
February 1999	*5,261*	*N/A*
October 1999	*4,235*	*20%*
January 2000	*2,705*	*36%*

The continued reduction in the matches is reflective of increased awareness of eligibility requirements by Financial Assistance Workers administering BC Benefits in the Employment and Benefits Centres, as well as the expected deterrence and preventative effects of conducting data matches.

Continued regular matching between MAETT and the ministry for the Eligibility Officers will prevent any long-term fraud and reduce the frequency of participants incurring overpayments of benefits.

Matches Under Development:

	Purpose	***Frequency***	***When***
Social Service Agencies in all provinces and territories not currently matched	*Identify persons claiming benefits in both jurisdictions.*	*Monthly*	*Under Development*
Ministry of Health Vital Statistics Agency – Death Registry	*Identify persons who have open BC Benefits files and who are recently deceased.*	*Monthly*	*Under Development*
Revenue Canada	*Identify persons in receipt of BC Benefits not declaring all their income.*	*Monthly*	*Under further Development*

PREVENTION OF UNWARRANTED EXPENDITURES RELATED TO FEDERAL PROGRAMS

Dual Claimants:

***Dual claimants** are persons collecting assistance from both federal and provincial programs without declaring the additional income to the Ministry of Social Development and Economic Security (MSDES). A data match with CPP Disability was piloted in 1996, and regular data matches were subsequently conducted in May 1999, September 1999 and February 2000.*

The data match with Human Resources Development Canada's (HRDC) Canada Pension Plan (CPP) Program revealed large numbers of participants who were receiving both CPP and BC Benefits, or who were potentially eligible for CPP benefits but who had not made an application for the federal program. This foregoing of income from another source or under-declaration of income is very costly for the ministry.

A prevention initiative with a twofold objective has been implemented:

1. *conduct regular data matches with HRDC to immediately identify all persons collecting dual payments, thereby preventing any opportunity for long-term fraud; and*

2. *adopt procedures and make systems changes that will prevent overpayments to persons collecting or eligible for federal program benefits.*

The work to date on the CPP data matching process has been completed by the Eligibility Officers under the Compliance Program. Future development may see the movement of this administrative function to the Employment and Benefits Centre staff for ongoing maintenance. The "COMPLIANCE" portion of this report has further details on the data match. Refer to section entitled 'Canada Pension Plan (CPP) Project'.

Technology Improvements:

A new WEB-based system is under development to replace the current Eligibility Review (ER1/2) screens on the Ministry Information System (MIS) used by PCE staff. The new system is designed to improve program effectiveness and performance measurement of the Compliance and Enforcement Programs. The system will be implemented in the next fiscal year.

Policy and Practice Issues:

A Common Claimants Report (CCR) was developed and distributed to all Eligibility Officers to assist in understanding the interface between the BC Benefits Programs and the Canada Pension Plan. The data match reports are described, processes are detailed, variables are defined, and standardized letters are included for use by compliance staff. Included in the CCR is an ongoing Questions and Answers section that ensures a consistent approach to eligibility decisions across all regions.

Once the CPP data match addresses the outstanding eligibility issues and becomes established as a monthly production, the administrative process may be released to the Employment and Benefits field staff for action.

THE IDENTIFICATION GUIDE

The ministry's ability to identify BC Benefits participants accurately is critical to the determination of eligibility.

The ability to detect forged or replicated documents is central to the prevention of multiple identity fraud.

Employment and Benefits Centres are provided with an "Identification Guide" that contains a copy of original documents against which suspect forged or replicated documents can be compared. The comparison assists in the detection of false identity documents, which in turn prevents unwarranted expenditures of scarce resources.

There has been a continued reduction in the number of dual claimant and false identification fraud referrals since fiscal year1995/96 when the guide was first introduced.

% of Total Referrals for Fiscal Years:

Fraud Type	1995/96	1996/97	1997/98	1998/99	1999/00
Duplicate assistance	*5.1%*	*3.2%*	*2.2%*	*1.5%*	*0.8%*
False identification	*2.4%*	*1.4%*	*1.3%*	*0.9%*	*0.8%*

The Identification Guide has been provided to other agencies and jurisdictions across Canada and continues to be a useful fraud prevention tool.

Human Resources Development Canada, Investigations and Control Directorate, has indicated a willingness to take over the responsibility, production and control of the Identification Guide. The federally produced bilingual Identification Guide is still under development and when completed will be made available to appropriate agencies and jurisdictions.

DISENTITLEMENT FOR OUTSTANDING WARRANTS

Section 12 of the BC Benefits (Income Assistance) Regulation; Section 9 of the BC Benefits (Youth Works) Regulation; and Section 10 of the Disability Benefits Program Regulation, authorize the disentitlement of assistance for:

> *Any person in a family unit, excluding children, who has an outstanding warrant for an "indictable offence" or an outstanding warrant for arrest under the Immigration Act (Canada).*

Rationale:

- *A warrant is, in effect, an announcement by the court that a person is to be arrested and brought before the court.*

- *The ministry has been criticized for funding fugitive flights from justice, particularly those persons who move to British Columbia (BC) to avoid prosecution in another province.*

- *The new regulations deny eligibility for assistance for* ***indictable offences****; i.e. murder, sexual assault, violence against women.*

- *A person denied eligibility for assistance can quickly resolve the outstanding warrant issue by:*
  - *attending a police station for arrest and release; or*
  - *waiving the charge to BC for a guilty plea; or*
  - *returning to the original jurisdiction.*

- *A legislative change in November 1998 introduced a one-time only transportation allowance to assist affected participants to attend the nearest jurisdiction that issued the warrant leading to ineligibility for benefits.*

- *Assistance may be issued when a person confirms having taken steps to deal with the warrant by producing a:*
  - *signed recognizance; or*
  - *request for waiver of charges; or*
  - *bail document.*

Deterrence:

- *There will be a significant **deterrent effect.***
- *Wanted persons from other provinces will not flee to BC.*
- *Wanted persons within BC will know that they must deal with outstanding warrants for indictable offences before applying for assistance.*

Analysis:

*Warrant checks were conducted primarily for applicants who **self-identified**, when asked if they had an outstanding warrant:*

- ***13,744** files were checked for outstanding warrants between April 1999 and March 2000.*
- ***1,722** (13%) were identified as disentitled to benefits due to outstanding indictable warrants.*
- *The disentitlements affected 2,934 benefit months.*
- ***$1,467,000 savings** were realized for fiscal year 1999/2000 ⇒ 2,934 months at $500/month.*

The results of a one-time project (July 1998) indicated that for every client who self-identifies during the application process as having an outstanding indictable warrant, there are five others applying for and receiving benefits to which they are not entitled.

*The legislation relating to warrants has been challenged and a **decision is pending from the Supreme Court of Canada.***

ADMINISTRATIVE DISQUALIFICATION FOR CONVICTED OR ADMITTED FRAUD

Section 21 of the BC Benefits (Income Assistance) Regulation authorizes the disqualification of assistance to:

> *Any person in a family unit, excluding children, who has:*
> *a) been convicted of fraud or false or misleading representations in relation to receiving assistance, or*
> *b) acknowledged in writing that they fraudulently obtained assistance to which they were not entitled, or*
> *c) in lieu of written acknowledgement, received a court judgement in favour of the government in an action for debt caused by receiving assistance to which they were not entitled.*

*The **objective** of the disqualification of assistance is to introduce the concept of deterrence. Deterrent activities and controls are designed so that participants choose not to commit fraud as there is an **expectation** that they will be **discovered** and there will be a negative consequence.*

*The disqualification imposed is for **three (3) benefit months.** The participant must be eligible for assistance in order to serve the disqualification period. A repayment agreement is also taken for any overpayment of funds to the participant.*

In fiscal year 1999/2000:

- *768 participants have been disqualified from receiving benefits and, of these:*
  - *596 persons either acknowledged in writing that they had obtained assistance to which they were not entitled, or were subject to a civil court judgement in favour of the ministry; and*
  - *174 persons were convicted of fraud.*

- ***$1,152,000 estimated savings** (768 cases at $500/month for three months).*

PREVENTION FISCAL PERFORMANCE SUMMARY

EDP Program	***$ 24,133,793***
Data Matching (deterrence savings)	***$ 245,000***
Warrant Disentitlement	***$ 1,467,000***
Fraud Disqualification	***$ 1,152,000***

Total Prevention Savings	***$ 26,997,793***

COMPLIANCE

*The Compliance Program **objective** is to maintain **PUBLIC CONFIDENCE** in ministry BC Benefits Programs, by ensuring that scarce resources are directed to those individuals and families who are truly in need.*

The Compliance Program has two major components:

1. ***Provincial and Regional Compliance projects** - carried out by Eligibility Officers, who do not carry caseloads, but who accomplish the program objective by performing two separate but complementary functions:*

   - *conducting reviews of program areas susceptible to fraud or administrative error;*
   - *assisting participants to access other income, such as Canada Pension Plan benefits, which will reduce their dependency on BC Benefits support.*

   The Eligibility Officers (EOs) report to PCE Regional Supervisors, and work out of nine branch PCE offices located throughout the province.

2. ***Special Compliance Program (SCP)** - managed by the SCP Program Supervisor. Co-op Program University students working as Program Officers carry out residency and identification checks on selected categories of participants. This program was piloted in 1995 as a Summer Compliance Project.*

   The SCP has a permanent location in New Westminster, which serves the four Lower Mainland regions, and operates program sites on a rotational basis in the other five ministry regions.

Together, the two components of the Compliance Program ensure that those participants in receipt of BC Benefits are eligible for the benefits and assistance they receive.

PROVINCIAL AND REGIONAL COMPLIANCE PROJECTS:

Expected Outcomes:

The Eligibility Officers provide the ministry with an audit review function independent of service delivery. In addition, they have a multifaceted impact with respect to cost savings and cost avoidance.

Deterrent Impact	*Persons receiving assistance to which they are not entitled are identified, and overpayments are stopped. When a person is aware of being identified as abusing or defrauding the system, this acts as a deterrent to future abuse, as the person has an expectation of being discovered a second time.*
Prevention Impact	*Close examination of program areas that may be susceptible to fraud or abuse allows the ministry to adopt procedures and make systems changes that will prevent similar future abuse.*
Case Closure	*As a result of an eligibility review, benefits are stopped and savings are calculated based on the monthly amount previously paid.*
Projected Savings	*Ongoing monthly reductions are projected over 6.4 months, which is the average length of time a person receives assistance.*
Benefits Decreased	*Savings are equal to the reduction in the monthly benefits paid.*
Impact Rate	*The impact rate is shown as the percentage of the total reviews that resulted in a case closure, reduction in benefits, and/or a repayment of funds paid due to fraud or administrative error.*
Overpayments	*When an eligibility review determines that a person received benefits exceeding entitlement, the person must repay the ministry the amount of the overpayment. A person who remains eligible for assistance has a repayment amount deducted from ongoing monthly benefits.* *The amount deducted from a participant's benefit cheque towards repayment of an overpayment debt is often small (the minimum is $10 per month).* *Other benefits from taking a repayment agreement are:* • *the fraud activity is stopped;* • *the ongoing losses are stopped; and* • *the offender is deterred from future fraud by the expectation of discovery.*

Project Development Process:

The project development process includes:

- *research, to identify a project or procedure that is susceptible to fraud or administrative error;*
- *development of working papers and project monitoring criteria;*
- *consultation with, and training for, Eligibility Officers;*
- *a communications plan to inform senior headquarters and regional management;*
- *field work to carry out case reviews and to complete relevant data entry*
- *analysis of project data;*
- *development of recommendations to correct or prevent recurrence of problems identified;*
- *preparation of a report, detailing the work completed and the estimated savings to the ministry; and*
- *distribution of the report to senior management.*

The reassessment of participant eligibility may encompass a personal interview, confirmation of income and assets, confirmation of a person's identity, a home visit, and/or an analysis of information obtained from sources within or external to the ministry.

The Eligibility Officers prepare and present a summarization of the findings of each project to the District Supervisors in each of the impacted Employment and Benefits Centres. If a training need is identified, the compliance staff will either provide any required information to the field staff or bring the issue to the attention of PCE management staff.

1999/2000 Projects:

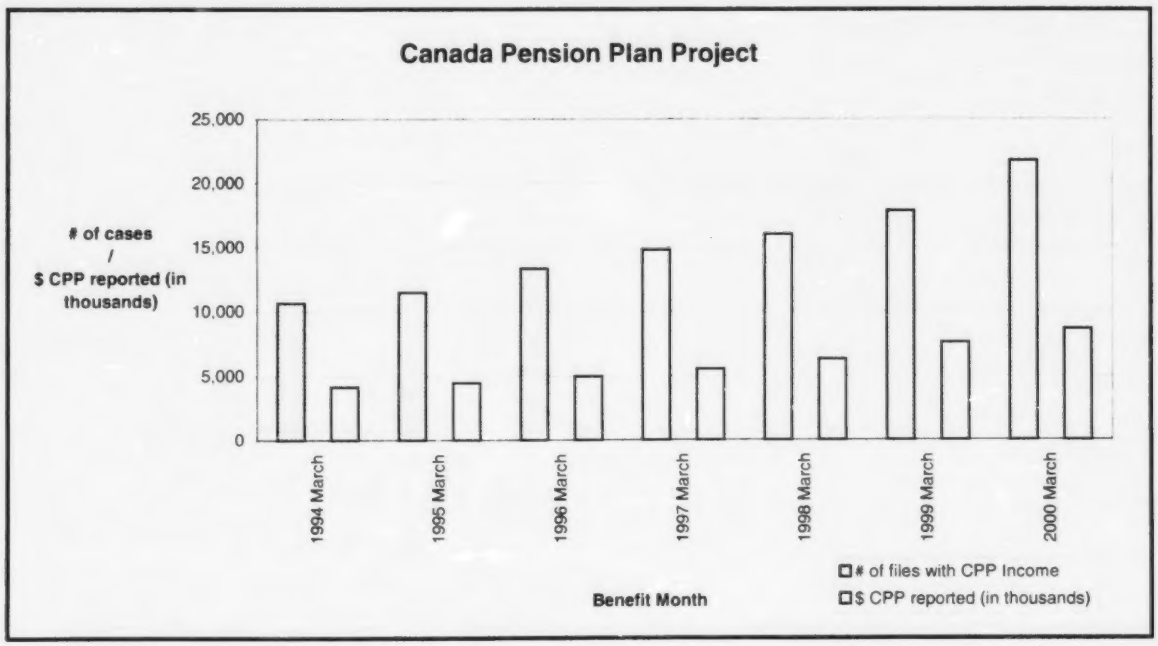
Canada Pension Plan (CPP) Project:

Work on the CPP project commenced in 1995/1996, with a computer search of the ministry database identifying persons who might be eligible for Canada Pension Plan benefits. Each person was interviewed and assisted in making a claim with CPP. Federal intervention in the support system results in considerable, long-range savings to the ministry.

A measure that indicates the benefits that participants are now receiving, as a result of the CPP project since its inception in 1996, is a comparison of the number of cases reporting CPP income since the projects commenced.

With income available from another source, participants are able to become independent of the BC Benefits Program. From March 1994 to March 2000, there has been just over a 100% increase in the number of BC Benefits files with CPP income. The average annual increase in BC Benefits files in receipt of CPP income is 12.5%. The most significant change in files in receipt of CPP income occurred in March 2000, with a 22% increase over the previous year.

	# of files with CPP Income	% Increase over previous year	$ CPP reported	% Increase over previous year
March 1994	10,654	N/A	$4,135,640	N/A
March 1995	11,473	7%	$4,455,720	8%
March 1996	13,328	15%	$4,974,552	12%
March 1997	14,794	12%	$5,531,207	11%
March 1998	15,997	8%	$6,277,455	13%
March 1999	17,831	11.5%	$7,598,133	21%
March 2000	21,754	22%	$8,643,075	14%



Canada Pension Plan (CPP) Data Match:

In the 1999/2000 fiscal year, regular data matches were conducted with HRDC (CPP). The match identified persons who were in receipt of both BC Benefits and CPP payments. The CPP benefits being matched included Retirement and Disability pensions, Child of Disabled Contributors, Survivors and Orphans benefits.

Matches took place May 1999, September 1999 and February 2000, with approximately 24,000 common claimants on each match. A total of 9,687 eligibility reviews were completed with 4,300 files impacted with recommendations to close files or a reduction in ongoing benefits. The recommended ***savings of $3.55M*** *were recorded by the Eligibility Officers. The match continues to be conducted on a regular basis.*

	Total number of Reviews	***Impact Rate***	***Savings due to Reduced Benefits/File Closures***
CPP Data Match	***9,687***	***44%***	***$3.55M****

**Annualized savings based on average stay of 6.4 months on assistance.*

Student Loan Data Match:

Eligibility Officers implemented regular data matching with the BC Student Assistance Program, Ministry of Advanced Education, Training and Technology (MAETT) in the 1999/2000 fiscal year. The student loan data match identified persons receiving student loan assistance while in receipt of BC Benefits. The data match included only students attending a full-time course of studies at recognized post-secondary educational institutions.

A Student Loan Common Claimants Report was developed for use by the compliance program staff. The student loan information in the Common Claimants Report relates only to students attending a full-time course of studies at recognized educational institutions. Full-time enrollment in a Post-Secondary Education (PSE) Program is defined as being 60 – 100% of a full PSE course load, for credit, for a minimum of 12 weeks. All files on the reports are considered to be attending full-time studies.

The MSDES/MAETT interface agreement continues to apply to participants of Disability Benefits. Under the Disability Benefits Act and Regulations, participants may attend post-secondary education programs and will continue to be eligible for income support from MSDES for their living expenses.

Reports of the common claimants were distributed to PCE compliance staff. Eligibility Officers completed a total of 9,249 reviews with 26% of the files having an impact recorded. Estimated savings are $4,126,528 in reduced benefits and recommended file closures, and $2,808,269 in signed repayment agreements. There were 1,533 investigation files opened as a result of the Student Loan compliance reviews.

	Total number of Reviews	***Impact Rate***	***Savings due to Reduced Benefits/File Closures***
Student Loan Data Match	***9,249***	***26%***	***$4.13M***

**Annualized savings based on average stay of 6.4 months on assistance.*

Other Compliance Initiatives:

In addition to the foregoing, EOs conducted a further 4,335 case reviews in local and ongoing projects. There were 1,062 cases impacted (cases closed or benefits reduced in 24% of cases reviewed), resulting in approximately ***$3.1M in savings to the ministry****. One hundred and seventy-nine (179) cases were referred for investigation. Significant among these projects were the following:*

Sponsorship Default Recovery Project:

The focus of the project was to seek an assignment of an Undertaking of Assistance under the Immigration Act from the federal government, in order to pursue recovery of assistance paid to a sponsored person as a result of a sponsor having defaulted on the sponsorship.

There were 2,265 reviews completed on the Sponsorship Default Recovery Project. The cases identified were participants who were sponsored into Canada by citizens or permanent residents under the 10-year family-class sponsorship and were receiving BC Benefits.

Savings from recoveries from sponsors ***are estimated at $5.1M.*** *The Loan Administration Branch of the Ministry of Finance and Corporate Relations is responsible for collection activity.*

In addition, the EOs identified other eligibility issues resulting in reduced benefits and file closures.

	Total number of Reviews	***Impact Rate***	***Savings due to Reduced Benefits***
Sponsorship Default Recovery Project	***2,265***	***9%***	***$0.71M****

**Annualized savings based on average stay of 6.4 months on assistance.*

Lottery Project:

Periodic perusal of the Lottery Corporation of BC publication "Luck Magazine" results in identifying ministry participants who have failed to declare their winnings. This year, of the 59 files reviewed, benefits were reduced in 39 cases, ***resulting in $168,730 in savings to the ministry****.*

Local Projects:

All regions carry out local projects throughout each year, with emphasis on home visiting participants in selected locales, or reviewing cases of participants whose personal circumstances match high-risk identifiers associated with a propensity for fraud or abuse. There were 1,842 reviews completed on local projects with ***total savings of $2.16M*** *in ongoing monthly reductions in benefits and* ***repayments valued at $115,937*** *during the fiscal year.*

Summary: Compliance Savings:

27 Eligibility Officers	***Total Reviews***	***Ongoing Monthly Reviews***	***Overpayments One-time savings***
Required Close or Stop	*2,209*	*$1,106,750*	
Benefits Decreased	4,497	$ 575,998	
*Overpayment Only**	*203*		*$223,171*
Investigation File Savings	*836*		*Recorded in Enforcement*
Total Impact	7,745	***$1,682,748***	*$223,171*
No Financial Change	*15,526*		
Total Reviews	*23,271*	*Impact Rate of 33%*	
41 Ministry Investigators & 40 Assistant Ministry Investigators			
BC Benefits File Closed or Benefits Reduced	*1,487*	***$ 541,895***	
Impact rate:		***$2,224,643 x 6.4*****	***$223,171 x 1***
		$14,237,715	***$223,171***
Total Projected Savings		***$14,460,886***	

* *No Investigation File associated with the Repayment Agreement.*

** *Annualized savings based on average stay of 6.4 months on assistance.*

SPECIAL COMPLIANCE PROGRAM

Formerly known as the Summer Compliance Program, the name change was created in late 1999 to better recognize the spectrum of the program. The program employs Co-op Education university and college students to conduct residency and identification checks on pre-selected low activity BC Benefits files.

Co-op students are employed as Program Officers primarily from May through August; however, co-op students may also be employed throughout other work terms. Their positions are supplemented with other PCE staff who are temporarily assigned to complete the file review and investigative process.

Compliance Supervisors are hired to supervise the Program Officers as well as carry out all necessary follow-up action. Assistant Ministry Investigators conduct investigations resulting from suspected fraud or abuse. Files that require a criminal investigation are referred to the Ministry Investigators in the Regional PCE Offices.

The Lower Mainland office, serving regions 1 through 4, is known as the permanent headquarters for the program. Each year three temporary sites are rotated throughout the remaining 5 regions in the province. The 1999/2000 sub-sites included Prince George, Kamloops and Nanaimo.

The Special Compliance Program consisted of 1 Program Supervisor, 5 Compliance Supervisors, 5 Assistant Ministry Investigators, 28 Program Officers and 5 administrative staff.

The Assistant Ministry Investigators attached to the Special Compliance Program investigate files to stop ongoing overpayments as well as establish repayment agreements. In this fiscal year 2,052 files were referred for investigation, which is a 19% impact rate. A further 741 files were transferred to other PCE offices. Of the 434 concluded investigation files, 77% resulted ***in signed repayment agreements,*** *totaling* ***$945,447****. The projected overpayments from the remaining investigation files are estimated to be* ***$1.9M****. The total projected Special Compliance Program investigation savings are $2.9M and are included in the savings reported in the Enforcement section of the fiscal year report.*

The SCP staff opens many investigation files which are primarily dealt with by SCP AMIs. Investigation files from the temporary sites that cannot be completed within the fiscal year are transferred to the regional PCE offices for completion. Investigation files in the New Westminster location requiring prosecution or further investigation by a Ministry Investigator are transferred to the Special Investigation Unit. Other investigations may result in reviews that identified fraud for which an open investigation file already exists. The appropriate information is then submitted to the assigned regional investigator.

Unique to the Special Compliance Program is the ability to request the selected participants previous year's Income Tax information. This is crucial in maximizing the program's cost savings. Data on approximately 19,411 BC Benefits participants was matched with data maintained by Canada Customs and Revenue Agency (formerly Revenue Canada).

Special Compliance Program:

5 Compliance Supervisors 5 AMIs 28 Program Officers	*Total Reviews*	*Ongoing Monthly Reductions*	*Overpayments (One – time savings)*	
Recommended Close or Stop	*666*	*$303,609*	*22*	*$133,655*
Benefits Decreased	*313*	*$132,716*		
Overpayment taken by Compliance Supervisor			*12***	
Potential Savings Total Impact	*991*	*$436,325*	*34*	*$133,655*
Eligibility Review Total	*10,872*			
Potential Savings Total Impact Rate	*9%*	*x 6.4**		
Projected Savings from Eligibility Reviews		*$2,792,480*		*$133,655*
Total SCP Projected Savings		***$ 2,926,135***		

* *Annualized savings based on average stay of 6.4 months on income assistance.*

** *'Overpayment only' taken by Compliance Supervisor with no ongoing file decrease.*

Sample Fraud Investigations from Special Compliance Program:

Case 1

- *Between April 1995 and December 1999, a participant and spouse were receiving duplicate assistance.*
- *The participants were using the identities of two persons living and working in other provinces.*
- *This case has been forwarded to the Special Investigation Unit and has been referred for prosecution.*
- *Estimated overpayment = $89,000.*

Case 2

- *Between 1992 and 1999, a participant received a monthly union pension which was above the income assistance rates.*
- *Estimated overpayment = $52,700.*

Case 3

- *When Program Officers conducted a residency check, the participant's address led them to a storefront business. They asked the person working in the office if the participant lives there. They were told that the participant was out and lives in the back.*
- *When the Program Officers returned to the Employment and Benefits Centre, they observed the participant's picture identification. They recognized the person they spoke to was the participant.*
- *An investigation followed. The participant was the owner of the business since 1992 while collecting unemployable benefits. A referral was made to the Special Investigation Unit.*
- *Estimated overpayment = $30,000.*

Case 4

- *Program Officers conducted a residency check on a single participant. The participant was not home but they spoke to the landlord who confirmed residency for the participant, spouse and child.*
- *The following eligibility review confirmed this and that participant lives with family collecting single benefits from January 1993 to December 1999.*
- *File has been closed and an investigation referral was made with an estimated overpayment of $42,000.*

Case 5

- *Participant collected unemployable benefits from August 1991 to December 1999.*
- *Participant had been employed since 1993 and failed to declare income to the ministry.*
- *This case has been recommended for prosecution.*
- *Estimated overpayment = $44,100.*

Case 6

- *While Program Officers attempted a residency check, they noticed that the apartment complex was owner occupied and the participant had high shelter costs.*
- *The Compliance Supervisor followed up on this case and discovered that the participant was an owner of a business, owned the apartment and submitted false rent receipts. The participant had been falsely receiving benefits since 1993.*
- *File was closed and referred to a Regional Ministry Investigator for prosecution.*
- *Estimated overpayment = $36,000.*

Case 7

- *Between May 1995 and January 2000, a participant collected benefits while working and living in Washington State, U.S.A.*
- *File has been referred to the Special Investigation Unit.*
- *Estimated overpayment = $20,000.*

COMPLIANCE FISCAL PERFORMANCE SUMMARY

Sponsorship Default Project	***$ 5,100,000***
Compliance Initiatives	***$14,460,886***
Special Compliance Program	***$ 2,926,135***

Total Compliance Savings	***$22,487,021***

ENFORCEMENT

*The **objective** of the Enforcement Program is to reduce the incidence of fraud over time, by proactively investigating and prosecuting offenders.*

The Enforcement component of the PCE Branch consists of 41 Ministry Investigators (MIs) and 40 Assistant Ministry Investigators (AMIs).

PCE Branch resources are located in all 9 regions at 21 different sites throughout the Province of British Columbia.

Ministry Investigators (MIs):

The primary function of the MIs is to investigate the most serious fraud referrals that may result in the prosecution of offenders.

The MIs are Special Provincial Constables who perform a complete range of investigative functions: gathering evidence, interviewing offenders and witnesses, preparing and executing search warrants, preparing reports to crown counsel, testifying in court, registering court restitution orders, and preparing affidavits to facilitate the civil debt collection process.

*During the 1999/00 fiscal year, **2,155 cases** were under investigation by the MIs. As of March 31, 2000, a total of 348 cases were still before the courts, valued at **$7,357,453**. In the same period, a total of **233** criminal court cases were concluded, valued at **$2,512,857**. In addition, there were **64** criminal court cases awaiting charge approval by crown counsel with an estimated value of **$1,194,315**, and a total of **5** Supreme civil court cases were closed with a value of **$163,743**.*

The MIs are supported by four special prosecutors who prosecute fraud cases under contract with the ministry.

Assistant Ministry Investigators (AMIs):

The primary function of the AMIs is to investigate fraud referrals that result in repayment agreements or civil court action, as opposed to a criminal prosecution.

The AMIs are former, experienced Financial Assistance Workers (FAWs) with an in-depth knowledge of the program Acts, regulations and policy. They receive additional training on investigative techniques, and investigate fraud referrals where the amount of the fraud or other factors determine that prosecution is not in the public interest or is not cost-effective.

The AMIs are authorized to take admitted fraud repayment agreements where the offenders are disqualified from receiving benefits for a period of three months.

*The AMIs gather evidence and prepare cases for Small Claims and Supreme Court actions to facilitate the civil debt collection process. During fiscal year 1999/00, the AMIs initiated **71** new small claims civil court actions and continued action on **39** cases from the previous fiscal year. There were **84** judgements obtained resulting in savings of **$292,433**. As of April 1, 2000, there were **26** small claims actions still before the courts, valued at **$87,968**. One Supreme Court Civil Action resulted in a cost savings of **$22,500**.*

*During the 1999/00 fiscal year, the AMIs had a total of **17,054** cases under investigation. There were a total of **3,592** repayment agreements obtained by the AMIs valued at **$12,892,475**.*

*Each AMI saved an average of **$410,164**, due to negotiated repayment agreements, civil court actions and ongoing reduced benefits.*

Child Care Investigations

*During fiscal year 1999/00, AMIs opened **116** Child Care Investigations which resulted in **4** repayment agreements totalling **$16,254**. As of March 31, 2000, there were 108 of these files still under investigation. The nature of child care investigations result in savings not only to the Child Care Program but also savings in the BC Benefits Programs, as some child care providers are also receiving assistance but are not declaring the child care income.*

AMI Developmental Training:

Objective:

To establish a career development training program designed to enhance the knowledge, skills and abilities of selected AMIs. Successful completion of this program would allow the candidate to compete for MI positions.

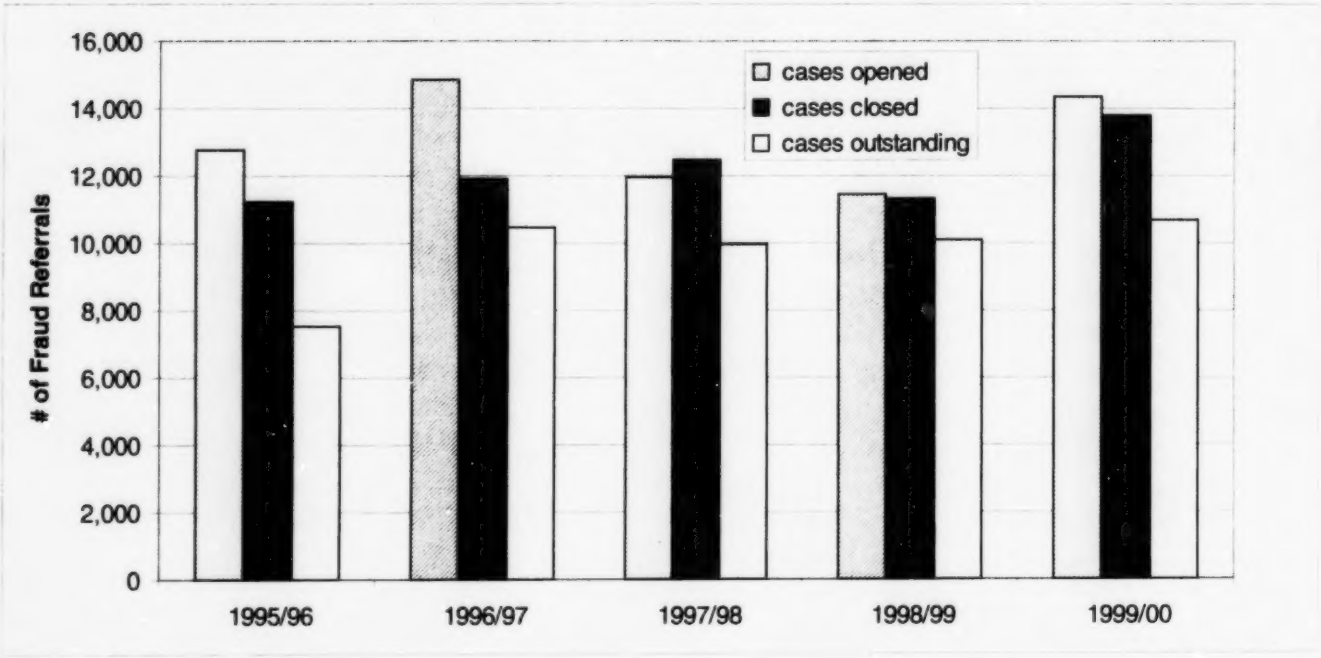
- *During fiscal year 1999/00, four AMIs successfully completed the AMI Developmental Training Program.*
- *Each of the four developmental candidates were offered and accepted an acting Ministry Investigator position.*
- *The AMI Developmental Training Program will be continued during fiscal year 2000/01, with a further four candidates being given the opportunity to complete this training.*

Enforcement Program Expected Outcomes:

Deterrent Impact	• *The identification of an offender as having fraudulently received funds acts as a deterrent for future fraud, as the person has an expectation of being discovered a second time.* • *A period of three months disqualification for civil court judgements, criminal convictions or admitted fraud acts as a deterrent, as the offender is penalized for his/her action.* • *The publication of criminal charges and the function of the Enforcement Program also constitute a deterrent.*
Prevention Impact	*Investigations often identify program areas that may be susceptible to fraud, which allows the ministry to adopt procedures and make systems changes that will prevent similar future fraud.*
Case Closure	*As a result of an investigation, benefits are stopped and savings are calculated based on the monthly amount previously paid.*
Projected Savings	*Ongoing monthly reductions are projected over 6.4 months, which is the average length of time a person remains on assistance.*
Benefits Reduced	*The savings are equal to the reduction in the monthly benefit paid.*

Program Statistics:

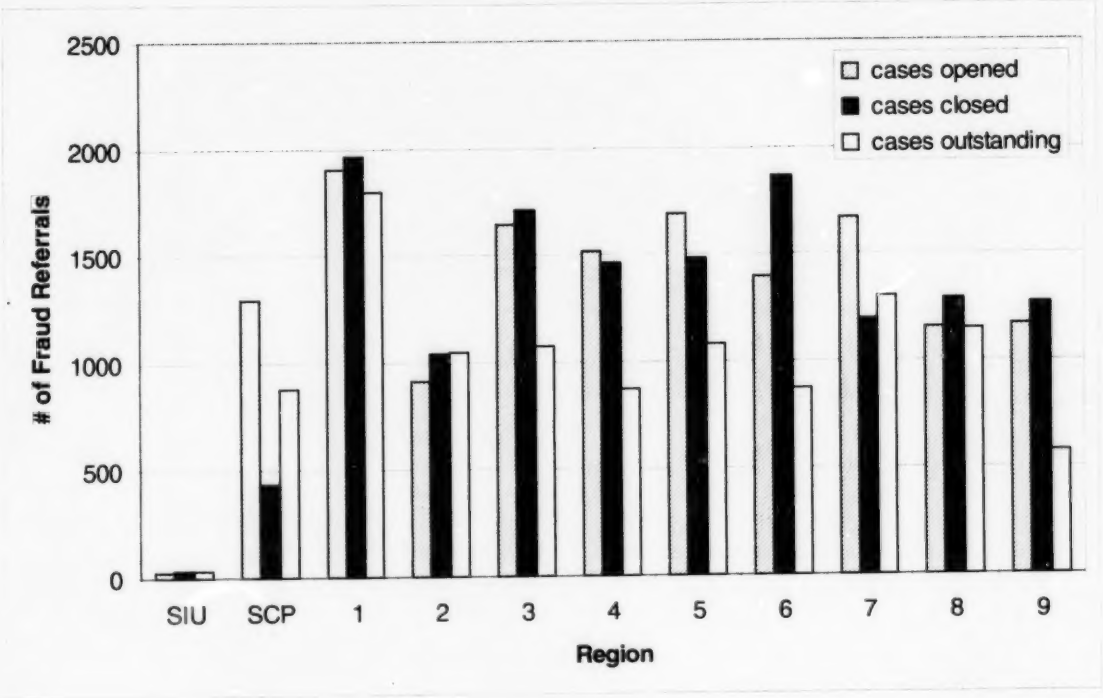
Fraud Referrals by Fiscal Years



Fraud Referrals	*1995/96*	*1996/97*	*1997/98*	*1998/99*	*1999/00*
cases opened	*12,746*	*14,864*	*11,963*	*11,449*	*14,357*
cases closed	*11,221*	*11,902*	*12,474*	*11,318*	*13,779*
cases outstanding	*7,511*	*10,473*	*9,962*	*10,093*	*10,671*

- *Investigations are prioritized by the type of offence and the dollar amount of the fraud.*
- *Out of **13,779** cases investigated this fiscal year, **934** investigations were completed, where the fraud amount was in excess of $10,000.*
- *Incompleted investigations are carried over into a new year due to the heavy volume of fraud referrals.*

Fraud Referrals by Regions



	Regions & Units											
Fraud Referrals	***SIU***	***SCP***	***1***	***2***	***3***	***4***	***5***	***6***	***7***	***8***	***9***	***Total Referrals***
Cases opened	*26*	*1,294*	*1,901*	*912*	*1,640*	*1,513*	*1,686*	*1,394*	*1,671*	*1,168*	*1,168*	*14,357*
Cases closed	*34*	*434*	*1,961*	*1,039*	*1,707*	*1,463*	*1,478*	*1,864*	*1,195*	*1,290*	*1,266*	*13,731**
Cases Outstanding	*36*	*877*	*1,798*	*1,047*	*1,072*	*868*	*1,079*	*871*	*1,297*	*1,149*	*577*	*10,671*

** does not include 48 cases deleted due to registration errors*

SIU = Special Investigation Unit.
SCP = Special Compliance Program.

Fraud Referrals by Type

Types of Investigation Cases Opened in Fiscal Years

Fraud Type	*1995/96*	*1996/97*	*1997/98*	*1998/99*	*1999/00*
Duplicate assistance	*602*	*481*	*263*	*172*	*113*
False identification	*280*	*215*	*155*	*109*	*124*
False address	*840*	*1,006*	*750*	*667*	*617*
Total	***1,722***	***1,702***	***1,168***	***948***	***854***
Undeclared income	*6,073*	*9,015*	*6,836*	*7,104*	*10,395*
Undeclared assets	*225*	*340*	*283*	*295*	*334*
Total	***6,298***	***9,355***	***7,119***	***7,399***	***10,729***
Dependent status	*594*	*752*	*574*	*545*	*554*
Common-law	*1,075*	*952*	*791*	*767*	*803*
Lost/stolen cheques	*953*	*716*	*987*	*934*	*677*
Miscellaneous	*863*	*1,360*	*1,309*	*846*	*718*
Assisted - Out of Province	*183*	*27*	*15*	*10*	*22*
Total	***3,668***	***3,807***	***3,676***	***3,102***	***2,774***

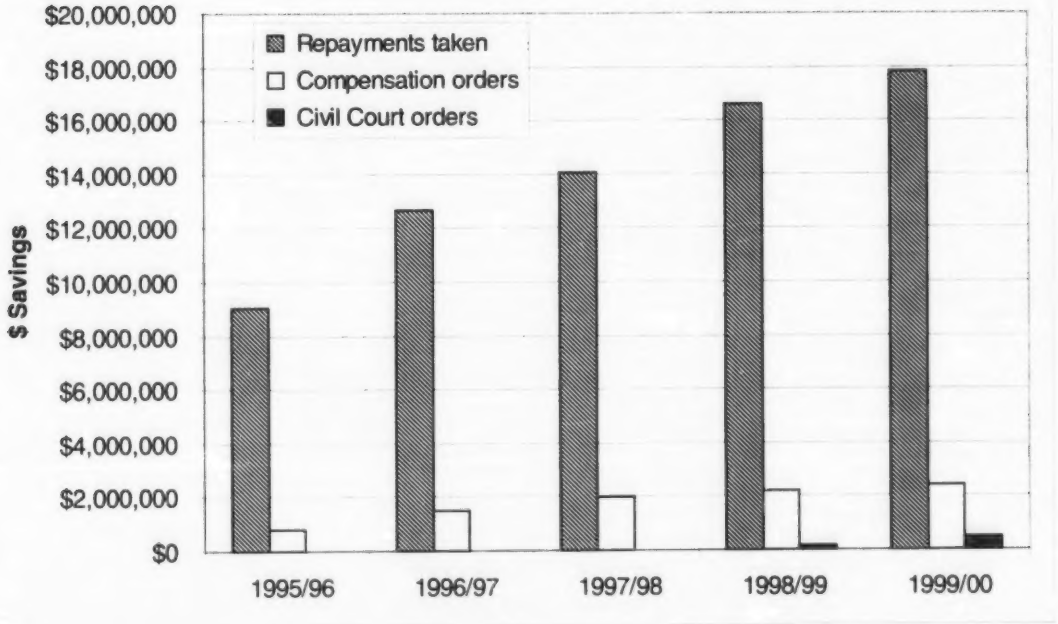
***Note**: Duplicate assistance, false identification (multiple identity fraud) and false address are assigned priority.*

% Of Total Referrals by Fiscal Years (column totals may be rounded to 100%)

Fraud Type	*1995/96*	*1996/97*	*1997/98*	*1998/99*	*1999/00*
Duplicate assistance	*5.1%*	*3.2%*	*2.2%*	*1.5%*	*0.8%*
False identification	*2.4%*	*1.4%*	*1.3%*	*0.9%*	*0.9%*
False address	*7.2%*	*6.8%*	*6.3%*	*5.8%*	*4.3%*
Undeclared income	*52.0%*	*60.5%*	*57.1%*	*62.0%*	*72.4%*
Undeclared assets	*1.9%*	*2.3%*	*2.4%*	*2.6%*	*2.3%*
Dependent status	*5.1%*	*5.1%*	*4.8%*	*4.8%*	*3.9%*
Common-law	*9.2%*	*6.4%*	*6.6%*	*6.7%*	*5.6%*
Lost/stolen cheques	*8.2%*	*4.9%*	*8.3%*	*8.2%*	*4.7%*
Miscellaneous	*7.4%*	*9.1%*	*10.9%*	*7.4%*	*5.0%*
Assisted - Out of Province	*1.6%*	*0.2%*	*0.1%*	*0.1%*	*0.1%*
	100 %	*100 %*	*100 %*	*100.0%*	*100.0%*

***Note**: Undeclared income continues to be the highest fraud referral category.*
*The low referral rate for common-law fraud is primarily due to the lower priority afforded this fraud type. The reduced percentages in duplicate assistance and false identification may be a result of the introduction of the **Identification Guide** as a prevention initiative.*

Value of Savings Through Investigations by Fiscal Year



Value of Savings	*1995/96*	*1996/97*	*1997/98*	*1998/99*	*1999/00*
Repayments taken	*$9,065,140*	*$12,638,576*	*$14,048,571*	*$16,606,675*	*$17,814,082*
Compensation orders	*$801,085*	*$1,474,641*	*$1,966,187*	*$2,198,153*	*$2,407,431*
Civil Court orders				*$145,349*	*$478,676*
TOTAL	***$9,866,255***	***$14,113,217***	***$16,014,758***	***$18,950,177***	***$20,700,189***

Note: *Civil Court Proceedings initiated in 1998/99.*

In the past, the enforcement staff concentrated their efforts toward simply stopping ongoing overpayments. Starting in fiscal year 1995/96, their efforts were targeted toward repayment agreements and charges. In addition, as the number of criminal convictions increased, so did the number and dollar amount of court-ordered compensation orders. In fiscal year 1998/99, enforcement staff initiated civil court proceedings to further facilitate the debt collection process.

Summary of Cost Savings

Investigator	*Cases*	*Description*	*Cost Recovery*
MI	*153*	***Court Compensation Orders*** *The court orders the offender to repay the ministry after conviction.*	*$2,407,431*
MI & AMI	*84*	***Small Claims Court Compensation Orders*** *The Small Claims Court orders the offender to repay the ministry.*	*$ 292,433*
MI & AMI	*6*	***Supreme Civil Actions*** *The Supreme Court civil process is used to establish the debt and have the offender repay the ministry.*	*$ 186,243*
MI, AMI, EO & FAW	*7,038*	***Repayment Agreements*** *The offender agrees to repay the ministry for the amount of the fraudulent overpayment.*	*$17,814,082*
TOTAL	***7,281***		***$20,700,189***

MI – Ministry Investigator	*MI – **170** repayment agreements, value **$1,005,345***
AMI – Assistant Ministry Investigator	*AMI – **3,592** repayment agreements, value **$12,892,475***
FAW – Financial Assistance Worker	*FAW – **1,768** repayment agreements, value **$1,199,309***
EO – Eligibility Officer	*EO – **1,508** repayment agreements, value **$2,716,953***

Court Cases by Fiscal Years

Criminal Enforcement	**1995/96**	**1996/97**	**1997/98**	**1998/99**	**1999/00**
Cases before the court as of April 1	*154*	*261*	*421*	*447*	*413*
Cases Charged	*248*	*333*	*263*	*155*	*161*
Cases Closed	*-141*	*-231*	*-253*	*-197*	*-233*
Total Outstanding	*261*	*363*	*431*	*405*	*341*
Reporting Delay	*-*	*58*	*16*	*8*	*0*
Total	***-***	***421***	***447***	***413***	***341***

- *The **341 criminal charges currently before the courts are associated with a $7,357,453 loss to the ministry** in fraudulently obtained benefits.*
- *It takes an **average of 14 months to process a case through the courts.***
- *Investigations have been completed in **64** additional cases, valued at **$1,194,315**, and are waiting charge approval by crown counsel.*
- *There were **84** Small Claims Court Actions completed representing **$298,215** in judgements/orders granted in favour of the ministry.*
- *There were **6** Supreme Civil Court Actions completed resulting in savings to the ministry of **$186,243**.*

Investigation Close Codes		***% of Total***
11	***Unfounded***	*9.01%*
21	*Insufficient Evidence*	*12.33%*
31	*Repayment Agreements*	*39.29%*
32	*Ministry Imposed Overpayment (Debt Claimed)*	*9.64%*
34	*Repayment Agreement with Disqualification*	*2.11%*
41	*Criminal Conviction*	*1.30%*
42	*Criminal Acquitted*	*0.01%*
43	*Stay of Proceedings (Criminal Court)*	*0.38%*
44	*Small Claims Court*	*0.61%*
45	*Supreme Court Civil*	*0.04%*
51	*Stale-dated Files*	*15.56%*
52	*Assist Financial Services Branch*	*0.01%*
Other		*9.71%*
	Total	*100.0%*

Sample Fraud Investigations:

Case 1

- *Between 1984-88 and 1992-96 a participant was receiving benefits from the ministry but had failed to declare assets in excess of $1 million.*
- *A six-month investigation involving 21 search warrants resulted in a charge of fraud over $5,000.*
- *The participant was convicted of the offence and received a 18-month conditional sentence along with an order to repay the ministry $165,000.*

Case 2

- *A participant failed to declare income and assets, which resulted in an overpayment of $110,000.*
- *The participant was charged for fraud over $5,000 and received a 12-month conditional sentence.*
- *The overpayment amount is being pursued through the civil court process.*

Case 3

- *A participant failed to report a dependency relationship that had been entered into in 1986.*
- *With the assistance of the participant's spouse, the participant continued to collect benefits from 1986 until 1999 by failing to report income and assets. The participant's spouse would sign rent receipts for the participant when in fact the participant owned the residence with the spouse.*
- *The participant was charged with fraud over $5,000, and received a conditional sentence plus an order that $80,000 be repaid to the ministry.*

Case 4

- *Another example of common-law relationships not being reported can be found in a case where the participant not only failed to report the common-law relationship, but also opened a business with other partners and eventually was able to obtain sole ownership of the business.*
- *The participant initially told the ministry that the business had been disposed of, but a local newspaper ran a special interest story on the business and identified the participant as the sole owner.*
- *An investigation revealed that the participant had not reported income and assets to the ministry and in fact had defrauded the ministry of $98,000.*
- *The participant was charged with fraud over $5,000, and received an 18-month conditional sentence.*
- *The participant was ordered by the courts to repay the ministry $25,000.*
- *The ministry is presently pursuing the remaining debt owed through the civil court process.*

Other Cases of Interest:

- *PCE staff are presently involved in a number of investigations where it has been alleged that participants have or are operating internet businesses and failing to report the income that is being generated by these businesses. This type of investigation provides challenges to PCE staff in obtaining evidence to confirm or disprove the allegation. It is anticipated that a number of charges will be forthcoming in the next fiscal year and will show that a small number of participants are operating home businesses in this fashion and failing to report the income and/or assets derived from this enterprise.*

- *PCE staff are also involved in investigations of participants failing to report income that has been generated through illegal activities, such as marihuana grow operations. In partnership with local police departments, PCE staff has been able to establish that participants have been earning income through illegal activities and have failed to report this income activity. There have been a number of successful prosecutions in this proceeds of crime area.*

Debt Collection:

Fraud investigations often identify valuable assets in the possession of an offender. At the onset of an investigation, if assets such as property or cash have been identified, the ministry files a civil caveat against the asset and may commence civil litigation to recover the funds obtained by fraud.

Based on evidence obtained during the investigation, PCE has recommended the civil litigation/caveat process in ***64*** *cases for fiscal year 1999/00.*

If the criminal charge and the civil litigation are processed at the same time, priority is afforded to criminal prosecution and care is exercised to ensure that the criminal prosecution is not placed in jeopardy.

Special Investigation Unit (SIU):

- *The SIU consists of a supervisor, four MIs, two CPIC clerks, and one administrative support person.*

- *The SIU is targeted at complex, multi-jurisdictional criminal offences that require investigative action in more than one region.*

- *The unit also manages the outstanding warrants verification process - refer to the prevention initiative "Disentitlement for an Outstanding Indictable Warrant."*

- *The unit is responsible for the development and maintenance of co-operation and liaison with other government and private agencies.*

The following investigations have been, or are being, conducted by the SIU staff:

- *An investigation involving stolen benefit cheques and the cashing of these cheques using forged identification has resulted in the recommendation of fraud charges against 21 people. The investigation indicated an organized crime connection in which benefit cheques were targeted in different parts of the province. The loss to the ministry was estimated at approximately $50,000 per month. With the identification of this group and the recommendation of charges, the monthly loss to the ministry due to this type of crime has been reduced by a significant amount.*

- *SIU and the Washington State authorities are presently completing an investigation involving cross-border fraud. A number of individuals, who are collecting income assistance in both Washington State and Canada, may be facing criminal charges in both countries once the investigation is complete.*

ENFORCEMENT FISCAL PERFORMANCE SUMMARY

Repayments Taken	*$17,814,082*
Compensation Orders	*$ 2,407,431*
Civil Court Orders	*$ 478,676*
Total Enforcement Savings	***$20,700,189***

Mel Weisgerber, Director
Prevention, Compliance and Enforcement Branch
Ministry of Social Development and Economic Security

PREVENTION, COMPLIANCE AND ENFORCEMENT BRANCH CONTACT LIST

PCE HQ Office and Contact	*Phone and Fax*	*Address*
Mel Weisgerber, *Director* *EMAIL: Mel.Weisgerber@gems6.gov.bc.ca* ***Greg Hill,*** *Associate Director* ***Lake Apted,*** *Program Manager Prevention and Compliance* ***Michael Thompson****, Program Manager Enforcement* ***Val Thompson****, Program Analyst Prevention (Acting)* ***Michael Rice****, Program Analyst Compliance* ***Karen Bodard****, Program Analyst Enforcement* ***Matthew Lee****, Performance Analyst* ***Diana Tahouney****, Business Manager*	*(250) 356-8200 (Phone)* *(250) 356-1615 (Fax)*	*3rd floor, 1022 Government St* *PO Box 9930 Stn Prov Govt* *VICTORIA BC V8W 9R2*

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Special Compliance Program, New Westminster		
Christie Garcia	*(604) 664-0736 (Phone)*	*311 – 625 Agnes Street*
Supervisor	*(604) 664-0737 (Fax)*	*New Westminster, BC V3M 5Y5*
PCE Unit – Vancouver		
Murray Macham	*(604) 660-8737 (Phone)*	*4th Floor, 411 Dunsmuir Street*
Supervisor	*(604) 660-9189 (Fax)*	*Vancouver BC V6B 1X4*
PCE Unit - Lower Mainland/Coast		
Bob Barrett	*(604) 664-0100 (Phone)*	*900 - 1200 West 73rd Avenue*
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PCE Unit - Fraser North/Upper Valley		
Sharon Smith	*(604) 527-1200 (Phone)*	*200 - 906 Roderick Avenue*
Supervisor	*(604) 527-1209 (Fax)*	*Coquitlam BC V3K 1R1*
PCE Unit - Fraser South		
Jeff Cruickshank	*(604) 586-2606(Phone)*	*104 - 13777 103rd Avenue*
Supervisor	*(604) 586-2608 (Fax)*	*Surrey BC V3T 5B5*
PCE Unit - Okanagan/East and West Kootenays		
Alan Lloyd	*(250) 712-7506 (Phone)*	*303 – 1664 Richter Street*
Supervisor	*(250) 712-7522 (Fax)*	*Kelowna BC V1Y 8N3*
PCE Unit - Central BC		
Bob MacLean	*(250) 371-3771 (Phone)*	*800 – 235 First Avenue*
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PCE Unit - Prince George/the North		
Neil Thomson	*(250) 565-7278 (Phone)*	*606 - 299 Victoria Street*
Supervisor	*(250) 565-7069 (Fax)*	*Prince George BC V2L 5B8*
PCE Unit - Vancouver Island North		
Michael Orrey	*(250) 751-7270 (Phone)*	*101 - 2100 Labieux Road*
Supervisor	*(250) 751-7299 (Fax)*	*Nanaimo BC V9T 6E9*
PCE Unit - Vancouver Island South		
Lloyd Learmonth	*(250) 952-4330 (Phone)*	*310 – 2659 Douglas Street*
Supervisor	*(250) 952-4379 (Fax)*	*PO Box 9958 Stn Prov Govt*
		Victoria BC V8W 9R4